

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE QUARTERLY
FEE APPLICATION OF SCARFONE HAWKINS LLP FOR THE
PERIOD OF APRIL 1, 2010 THROUGH JUNE 30, 2010**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Quarterly Fee Application of Scarfone Hawkins LLP for the Period of April 1, 2010 through June 30, 2010 (the "Application").

BACKGROUND

1. Scarfone Hawkins LLP ("Scarfone Hawkins") was retained as Canadian counsel to the Canadian Zonolite Attic Insulation Claimants ("Canadian ZAI Claimants"). In the Application, Scarfone Hawkins seeks approval of fees totaling CDN\$59,494.00¹ and expenses totaling CDN\$7,134.53 for its services from April 1, 2010 through June 30, 2010 (the "Application Period" or the "Thirty-Seventh Interim Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of

¹Consistent with Scarfone Hawkins' Application, all dollar amounts in this report are in Canadian Dollars unless otherwise indicated.

Delaware, Amended Effective February 1, 2010, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We emailed questions to Scarfone Hawkins based on our review, and we received a response from Scarfone Hawkins, portions of which response are quoted herein.

DISCUSSION

3. We noted the following meal charges which appeared excessive:

05/17/10	CDN\$320.00	US\$307.54 ²	David Thompson Travel Expense for meeting with class counsel in Winnipeg, Manitoba - Hy's Winnipeg, meal with Matt Moloci and Michel Belanger
06/24/10	CDN\$100.00	US\$95.86 ²	David Thompson - Travel Expense - Meal at Verses Restaurant - Class Counsel meeting in Montreal at Lauzon Belanger

It appears to us that one person can dine satisfactorily in most locales for \$55 for dinner. In response to our inquiry, Scarfone Hawkins stated as follows:

Item 1 - the dinner was for 3 people and they are content that reimbursement for the charge should be reduced to the guideline amount of \$55.00 per person.

Item 2 - the meal charge in Montreal was for 2 people, David Thompson and Matthew Moloci. This dinner charge seems to comply with the \$55.00 per person guideline.

²These two expenses were converted to US Dollars using the Bank of Canada exchange rate on the date the expenses were incurred.


We appreciate Scarfone Hawkins' response, and recommend that reimbursement of the \$307.54 dinner charge for three be reduced to \$165.00, for a reduction of US\$142.54 (CDN \$148.31) in expenses.

CONCLUSION

4. Thus, we recommend approval of CDN\$59,494.00 in fees and CDN\$6,986.22 in expenses (CDN\$7,134.53 minus CDN\$148.31) for Scarfone Hawkins' services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 18th day of November, 2010.


Warren H. Smith

SERVICE LIST

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